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*Counsel for UBS Securities LLC and UBS  
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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

-----X	
<i>In re:</i>	:
	:
HIGHLAND CAPITAL MANAGEMENT, L.P., <sup>1</sup>	:
	:
Debtor.	:
-----X	

Chapter 11  
Case No. 19-34054-sgj11

**APPELLANTS' STATEMENT OF ISSUE AND  
DESIGNATION OF RECORD ON APPEAL**

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<sup>1</sup> The last four digits of the Debtor's taxpayer identification number are 6725. The headquarters and service address for the Debtor is 300 Crescent Bankruptcy Court, Suite 700, Dallas, TX 75201.

Pursuant to Rule 8009(a)(1)(A)-(B), (a)(4) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Appellants UBS Securities LLC and UBS AG, London Branch (together “**UBS**” or “**Appellants**”) hereby designate the following items to be included in the record and identify the following issue with respect to their appeal of the *Order Approving Debtor’s Settlement with (A) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (B) the Highland Crusader Funds (Claim No. 81), and Authorizing Actions Consistent Therewith* (Bankruptcy Case No. 19-34054-sgj11) [Docket No. 1273], dated October 22, 2020 and entered by the United States Bankruptcy Court for the Northern District of Texas on October 23, 2020.

**I. STATEMENT OF ISSUE TO BE PRESENTED ON APPEAL**

1. Did the Bankruptcy Court err as a matter of law by approving the Debtor’s claim compromise as fair, equitable, and in the best interest of the estate under Federal Rule of Bankruptcy Procedure 9019?

**II. DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD**

1. The Notice of Appeal:

a. Notice of Appeal for Bankruptcy Case No. 19-34054-sgj11 (Dkt. 1339);

b. Amended Notice of Appeal for Bankruptcy Case No. 19-34054-sgj11 (Dkt. 1369).

2. The Judgment, Order, or Decree Appealed from:

a. Order Approving Debtor’s Settlement with (A) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (B) the Highland Crusader Funds (Claim No. 81), and Authorizing Actions Consistent Therewith (Dkt. 1273).

3. Any Opinion, Findings of Fact, and Conclusions of Law of the Bankruptcy Court:

To the extent included in or underlying the documents identified in part II.5 herein.

4. The Docket Sheet for Bankruptcy Case No. 19-34054-sgj11.

5. Documents listed below (as described in the Docket Sheet for Bankruptcy Case No.

19-34054-sgj11):

<u><b>Date Filed</b></u>	<u><b>Docket No.</b></u>	<u><b>Description/Docket Text</b></u>
12/4/2019	1	(2 pgs) Order transferring case number 19-12239 from U.S. Bankruptcy Court for the District of Delaware Filed by Highland Capital Management, L.P. (Okafor, M.)
12/4/2019	186	(2 pgs) ORDER TRANSFERRING VENUE OF THIS CASE TO THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS (related document(s)86) Order Signed on 12/4/2019. (CAS) [ORIGINALLY FILED AS DOCUMENT #184 ON 12/04/2019 IN U.S. BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE] (Okafor, M.) (Entered: 12/05/2019)
12/27/2019	281	(100 pgs; 4 docs) Motion to compromise controversy with Official Committee of Unsecured Creditors. Filed by Debtor Highland Capital Management, L.P. (Attachments: # 1 Exhibit A # 2 Exhibit B # 3 Proposed Order) (Hayward, Melissa)
1/9/2020	339	(5 pgs) Order Approve Settlement with Official Committee of Unsecured Creditors Regarding Governance of the Debtor and Procedures for Operations in the Ordinary Course ( related document # 281) Entered on 1/9/2020. (Okafor, M.)
3/2/2020	488	(18 pgs) Order Granting Motion (i) Establishing Bar Dates for Filing Claims, Including 503(b)(9) Claims; and (ii) Approving the Form and Manner of Notice Thereof Filed by Debtor Highland Capital Management, L.P.(related document # 421) The General Bar Date is April 8, 2020 at 5:00 p.m. Central Time; other dates per Order Entered on 3/2/2020. (Okafor, M.)
6/8/2020	719	SEALED document regarding: Exhibit E, 3/20/2009 Termination, Settlement, and Release Agreement per court order filed by Interested Party Redeemer Committee of the Highland Crusader Fund (RE: related document(s)711 Order on motion to seal). (Platt, Mark)
6/8/2020	720	SEALED document regarding: Exhibit H, UBS and Crusader Fund Settlement Agreement per court order filed by Interested Party Redeemer Committee of the Highland Crusader Fund (RE: related document(s)711 Order on motion to seal). (Platt, Mark)
6/8/2020	721	SEALED document regarding: Exhibit I, UBS and Credit Strategies Fund Settlement Agreement per court order filed by Interested Party Redeemer Committee of the Highland Crusader Fund (RE: related document(s)711 Order on motion to seal). (Platt, Mark)

7/10/2020	817	<p>Transcript regarding Hearing Held 07/08/2020 (58 pages) RE: Motions to Extend Time. THIS TRANSCRIPT WILL BE MADE ELECTRONICALLY AVAILABLE TO THE GENERAL PUBLIC 90 DAYS AFTER THE DATE OF FILING. TRANSCRIPT RELEASE DATE IS 10/8/2020. Until that time the transcript may be viewed at the Clerk's Office or a copy may be obtained from the official court transcriber. Court Reporter/Transcriber Kathy Rehling, kathyrehlingtranscripts@gmail.com, Telephone number 972-786-3063. (RE: related document(s) 812 Hearing held on 7/8/2020. (RE: related document(s)737 Motion to extend or limit the exclusivity period (RE: related document(s)668 Order on motion to extend/shorten time) Filed by Debtor Highland Capital Management, L.P.) (Appearances: J. Pomerantz, M. Hayward, and Z. Annabel for Debtor; M. Clemente for Official Unsecured Creditors Committee; T. Mascherin, M. Platt, and M. Hankin for Redeemer Committee; R. Patel, A. Chiarello, and B. Shaw for Acis; M. Lynn for J. Dondero; J. Bjork for UBS. Evidentiary hearing. Motion granted in part (30-day extension). Debtors counsel to upload order.), 813 Hearing held on 7/8/2020. (RE: related document(s)747 Motion to extend time to (Debtor's Motion for Entry of an Order Further Extending the Period Within Which It May Remove Actions Pursuant to 28 U.S.C. 1452 and Rule 9027 of the Federal Rules of Bankruptcy Procedure) (RE: related document(s)459 Order on motion to extend/shorten time) Filed by Debtor Highland Capital Management, L.P.) (Appearances: J. Pomerantz, M. Hayward, and Z. Annabel for Debtor; M. Clemente for Official Unsecured Creditors Committee; T. Mascherin, M. Platt, and M. Hankin for Redeemer Committee; R. Patel, A. Chiarello, and B. Shaw for Acis; M. Lynn for J. Dondero; J. Bjork for UBS. Evidentiary hearing. Motion granted. Debtors counsel to upload order.)). Transcript to be made available to the public on 10/8/2020. (Rehling, Kathy)</p>
8/7/2020	933	<p>(431 pgs; 23 docs) Objection to claim(s) of Creditor(s) UBS Securities LLC and UBS AG, London Branch.. Filed by Interested Party Redeemer Committee of the Highland Crusader Fund. (Attachments: # 1 Exhibit Exhibit 1 (slip page - to be filed under seal upon order from Court)) # 2 Exhibit Exhibit 2 (slip page - to be filed under seal upon order from Court) # 3 Exhibit Exhibit 3 (slip page - to be filed under seal upon order from Court) # 4 Exhibit Exhibit 4 # 5 Exhibit Exhibit 5 # 6 Exhibit Exhibit 6 (slip page - to be filed under seal upon order from Court) # 7 Exhibit Exhibit 7 (slip page - to be filed under seal upon order from Court) # 8 Exhibit Exhibit 8 # 9 Exhibit Exhibit 9 (slip page - to be filed under seal upon order from Court) # 10 Exhibit Exhibit 10 # 11 Exhibit Exhibit 11 # 12 Exhibit Exhibit 12 # 13 Exhibit Exhibit 13 # 14 Exhibit Exhibit 14 # 15 Exhibit Exhibit 15 # 16 Exhibit Exhibit 16 (slip page - to be filed under seal upon order from Court) # 17 Exhibit Exhibit 17 # 18</p>

		Exhibit Exhibit 18 # 19 Exhibit Exhibit 19 # 20 Exhibit Exhibit 20 (slip page - to be filed under seal upon order from Court) # 21 Exhibit Exhibit 21 (slip page - to be filed under seal upon order from Court) # 22 Exhibit Exhibit 22 (slip page - to be filed under seal upon order from Court)) (Platt, Mark)
8/26/2020	996	(34 pgs) Objection to claim(s) of Creditor(s) Redeemer Committee of the Highland Crusader Fund - Proof of Claim No. 72.. Filed by Interested Parties UBS AG London Branch, UBS Securities LLC. (Sosland, Martin)
8/26/2020	998	Transcript regarding Hearing Held 08/19/2020 (20 pages) RE: Status Conference on Objection to Claim. THIS TRANSCRIPT WILL BE MADE ELECTRONICALLY AVAILABLE TO THE GENERAL PUBLIC 90 DAYS AFTER THE DATE OF FILING. TRANSCRIPT RELEASE DATE IS 11/24/2020. Until that time the transcript may be viewed at the Clerk's Office or a copy may be obtained from the official court transcriber. Court Reporter/Transcriber Kathy Rehling, kathyrehlingtranscripts@gmail.com, Telephone number 972-786-3063. (RE: related document(s) 968 Hearing held on 8/19/2020. (RE: related document(s) 771 Objection to claim(s) 3 of Creditor(s) Acis Capital Management L.P. and Acis Capital Management GP, LLC., filed by Debtor Highland Capital Management, L.P., (Appearances: J. Pomeranz, I. Karesh, Z. Annabel, and M. Hayward for Debtors; R. Patel and B. Shaw for Acis; P. Montgomery for Unsecured Creditors Committee; J. Bonds for J. Dondero; A. Clubock for UBS; T. Masherin for Crusader Redeemer Committee. Nonevidentiary status conference. Court heard and approved concept for a partial scheduling order, contemplating cross motions for summary judgment and setting thereon for 10/20/20 at 9:30 am to the extend this matter is not resolved in mediation. Mr. Pomeranz to draft order consistent with the terms of what was announced.)). Transcript to be made available to the public on 11/24/2020. (Rehling, Kathy)
9/21/2020	1079	(61 pgs) Amended chapter 11 plan filed by Debtor Highland Capital Management, L.P. (RE: related document(s) 944 Chapter 11 plan). (Annable, Zachery)
9/21/2020	1080	(155 pgs; 3 docs) Amended disclosure statement filed by Debtor Highland Capital Management, L.P. (RE: related document(s) 945 Disclosure statement). (Attachments: # 1 Exhibit A--First Amended Plan of Reorganization # 2 Exhibit B--Organizational Chart)(Annable, Zachery)
9/23/2020	1089	(26 pgs; 2 docs) Motion to compromise controversy with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81). Filed by Debtor Highland Capital Management, L.P. Objections due by 10/19/2020. (Attachments: # 1 Exhibit A--Proposed Order) (Annable, Zachery)

9/23/2020	1090	(94 pgs; 7 docs) Declaration re: (Declaration of John A. Morris in Support of the Debtor's Motion for Entry of an Order Approving Settlements with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81), and Authorizing Actions Consistent Therewith) filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1089 Motion to compromise controversy with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81). ). (Attachments: # 1 Exhibit 1 # 2 Exhibit 2 # 3 Exhibit 3 # 4 Exhibit 4 # 5 Exhibit 5 # 6 Exhibit 6) (Annable, Zachery)
10/5/2020	1127	SEALED document regarding: Exhibit B--Cornerstone Monetization Schedule per court order filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1125 Order on motion to seal). (Annable, Zachery)
10/5/2020	1128	SEALED document regarding: Exhibit 2 - Partial Final Award dated March 6, 2019 per court order filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1125 Order on motion to seal). (Annable, Zachery) Modified docket entry text on 10/5/2020 in include exhibit number. (Ellison, T.).
10/5/2020	1129	SEALED document regarding: Exhibit 3--Disposition of Application of Modification of Award dated March 14, 2019 per court order filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1125 Order on motion to seal). (Annable, Zachery)
10/5/2020	1130	SEALED document regarding: Exhibit 4--Final Award dated April 29, 2019 per court order filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1125 Order on motion to seal). (Annable, Zachery)
10/15/2020	1173	(11 pgs; 2 docs) Notice (Notice of Filing of (I) Liquidation Analysis and (II) Financial Projections as Exhibits to Debtor's Disclosure Statement for the First Amended Plan of Reorganization of Highland Capital Management, L.P.) filed by Debtor Highland Capital Management, L.P. (RE: related document(s)1080 Amended disclosure statement filed by Debtor Highland Capital Management, L.P. (RE: related document(s)945 Disclosure statement). (Attachments: # 1 Exhibit A--First Amended Plan of Reorganization # 2 Exhibit B--Organizational Chart)). (Attachments: # 1 Exhibit C/D to Debtor's Disclosure Statement for the First Amended Plan of Reorganization of Highland Capital Management, L.P.) (Annable, Zachery)
10/16/2020	1190	(42 pgs; 2 docs) Objection to (related document(s): 1089 Motion to compromise controversy with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81). filed by Debtor Highland Capital Management, L.P.) filed by Interested Parties UBS AG London

		Branch, UBS Securities LLC. (Attachments: # 1 A-C) (Sosland, Martin)
10/16/2020	1191	(8 pgs) Response opposed to (related document(s): 1087 Motion to compromise controversy with (A) Acis Capital Management, L.P. and Acis Capital Management GP LLC (Claim No. 23), (B) Joshua N. Terry and Jennifer G. Terry (Claim No. 156), and (C) Acis Capital Management, L.P. (Claim No. 159). filed by Debtor Highland Capital Management, L.P.) filed by Interested Party Highland CLO Funding, Ltd.. (Maloney, Mark)
10/16/2020	1192	(36 pgs; 3 docs) Declaration re: W. Kevin Moentmann in Support of Objection to the Debtor's Motion for Entry of an Order Approving Settlements With (A) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (B) the Highland Crusader Funds (Claim No. 81) filed by Interested Parties UBS AG London Branch, UBS Securities LLC (RE: related document(s) 1190 Objection). (Attachments: # 1 Exhibit 1-6 # 2 Attachments A-C) (Sosland, Martin)
10/19/2020	1220	(11 pgs) Reply to (related document(s): 1190 Objection filed by Interested Party UBS Securities LLC, Interested Party UBS AG London Branch) filed by Debtor Highland Capital Management, L.P.. (Annable, Zachery)
10/23/2020	1271	Transcript regarding Hearing Held 10/20/2020 (256 pages) RE: Motions to Compromise Controversy. THIS TRANSCRIPT WILL BE MADE ELECTRONICALLY AVAILABLE TO THE GENERAL PUBLIC 90 DAYS AFTER THE DATE OF FILING. TRANSCRIPT RELEASE DATE IS 01/21/2021. Until that time the transcript may be viewed at the Clerk's Office or a copy may be obtained from the official court transcriber. Court Reporter/Transcriber Kathy Rehling, kathyrehlingtranscripts@gmail.com, Telephone number 972-786-3063. (RE: related document(s) 1256 Hearing held on 10/20/2020. (RE: related document(s) 1087 Motion to compromise controversy with (A) Acis Capital Management, L.P. and Acis Capital Management GP LLC (Claim No. 23), (B) Joshua N. Terry and Jennifer G. Terry (Claim No. 156), and (C) Acis Capital Management, L.P. (Claim No. 159), filed by Debtor Highland Capital Management, L.P.) (Appearances: I. Kharasch, J. Morris, and G. Demo for Debtors; M. Clemente for Unsecured Creditors Committee; R. Patel and B. Shaw for Acis and Terrys; S. Tomkowiak, A. Clubok, and K. Posin for UBS; T. Mascherin, M. Hankin, and M. Platt for Redeemer Committee; J. Wilson, M. Lynn, J. Bonds, and B. Assink for J. Dondero; J. Kathman for P. Daugherty; R. Matsumura for HCLOF; J. Kane for CLO Holdco; E. Weisgerber for HarbourVest; L. Lambert for UST. Evidentiary hearing. Court recessed after evidence closed and will reconvene at 10:00 am 10/21/20 for closing arguments.), 1257 Hearing held on

		10/20/2020. (RE: related document(s)1089 Motion to compromise controversy with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81), filed by Debtor Highland Capital Management, L.P.) (Appearances: I. Kharasch, J. Morris, and G. Demo for Debtors; M. Clemente for Unsecured Creditors Committee; R. Patel and B. Shaw for Acis and Terrys; S. Tomkowiak, A. Clubok, and K. Posin for UBS; T. Mascherin, M. Hankin, and M. Platt for Redeemer Committee; J. Wilson, M. Lynn, J. Bonds, and B. Assink for J. Dondero; J. Kathman for P. Daugherty; R. Matsumura for HCLOF; J. Kane for CLO Holdco; E. Weisgerber for HarbourVest; L. Lambert for UST. Evidentiary hearing. Motion approved, based on reasoning given orally. Counsel to upload orders.)). Transcript to be made available to the public on 01/21/2021. (Rehling, Kathy)
10/23/2020	1273	(2 pgs) Order granting motion to compromise controversy with (a) the Redeemer Committee of the Highland Crusader Fund (Claim No. 72), and (b) the Highland Crusader Funds (Claim No. 81). Filed by Debtor Highland Capital Management, L.P (related document # 1089) Entered on 10/23/2020. (Okafor, M.)
10/30/2020	1315	(3 pgs) Order directing UBS' Offer of Proof (RE: related document(s)1089 Motion to compromise controversy filed by Debtor Highland Capital Management, L.P.). Entered on 10/30/2020 (Okafor, M.) <sup>2</sup>
11/6/2020	1339	(9 pgs; 2 docs) Notice of appeal . Fee Amount \$298 filed by Interested Parties UBS AG London Branch, UBS Securities LLC (RE: related document(s)1273 Order on motion to compromise controversy). Appellant Designation due by 11/20/2020. (Attachments: # 1 Exhibit)(Sosland, Martin)
11/12/2020	1369	(9 pgs) Amended notice of appeal filed by Interested Parties UBS AG London Branch, UBS Securities LLC (RE: related document(s)1339 Notice of appeal). (Sosland, Martin)

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<sup>2</sup> This designation includes the underlying documents that UBS submitted to the Bankruptcy Court in hard copy pursuant to this ruling.



Respectfully submitted,

DATED this 20th day of November 2020.

**LATHAM & WATKINS LLP**

By /s/ Sarah Tomkowiak

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**CERTIFICATE OF SERVICE**

I, Martin Sosland, certify that the *Appellants' Statement of Issue and Designation of Record on Appeal* was filed electronically through the Court's ECF system, which provides notice to all parties of interest.

Dated: November 20, 2020.

/s/ Martin Sosland